

December 2002

Inside this Issue

- 1 Toll Free Telephone Number
- Survey Results from June 2002 Newsletter
- 2 Analysis of the Affect Casinos Have on Bingo
- Charitable Expenditure Chart for Calendar Year 2001
- 3 Raffles
- 4 Criminal Activity
- Use of Bingo Proceeds
- Mailing Address
- 5 Meeting With Association of Charitable Games
- 6 Prize Paid by Check
- Electronic Bingo Card Monitoring Devices
- Regulation Update

Charitable Games

Newsletter

CALL TOLL FREE

The Charitable Games Division of the Missouri Gaming Commission now has a toll free number. If you have questions or need assistance, call toll free at: **1-866-801-8643**

Survey Results!!

Thank you for participating in the survey mailed with the June 2002 Charitable Games Newsletter. Seventy-six responses were received; the percentages are indicated below:

How does your organization prefer pull-tabs be packaged?

- 59% Random-Select (even distribution of winners throughout the deal)
- 32% Random-Random (totally random – winning tickets could be anywhere in the deal)
- 9% No opinion

How would you prefer the Gaming Commission try to communicate with you? (Choose up to 3 responses)

- 86% Newsletter and Survey like this one
- 11% Just a Newsletter – but don't ask me to complete a survey
- 39% Regional Seminars
- 25% Internet e-mail
- 18% The Gaming Commission WEB page
- 37% Just send out bulletins on what I REALLY need to know and leave it at that

Would you like to have someone from the Gaming Commission help you with any of the following?

- 3 Explain reports and reporting requirements
- 6 Help set up a better bookkeeping method for your organization
- 8 Explain how certain regulations or laws apply to us
- 9 Other

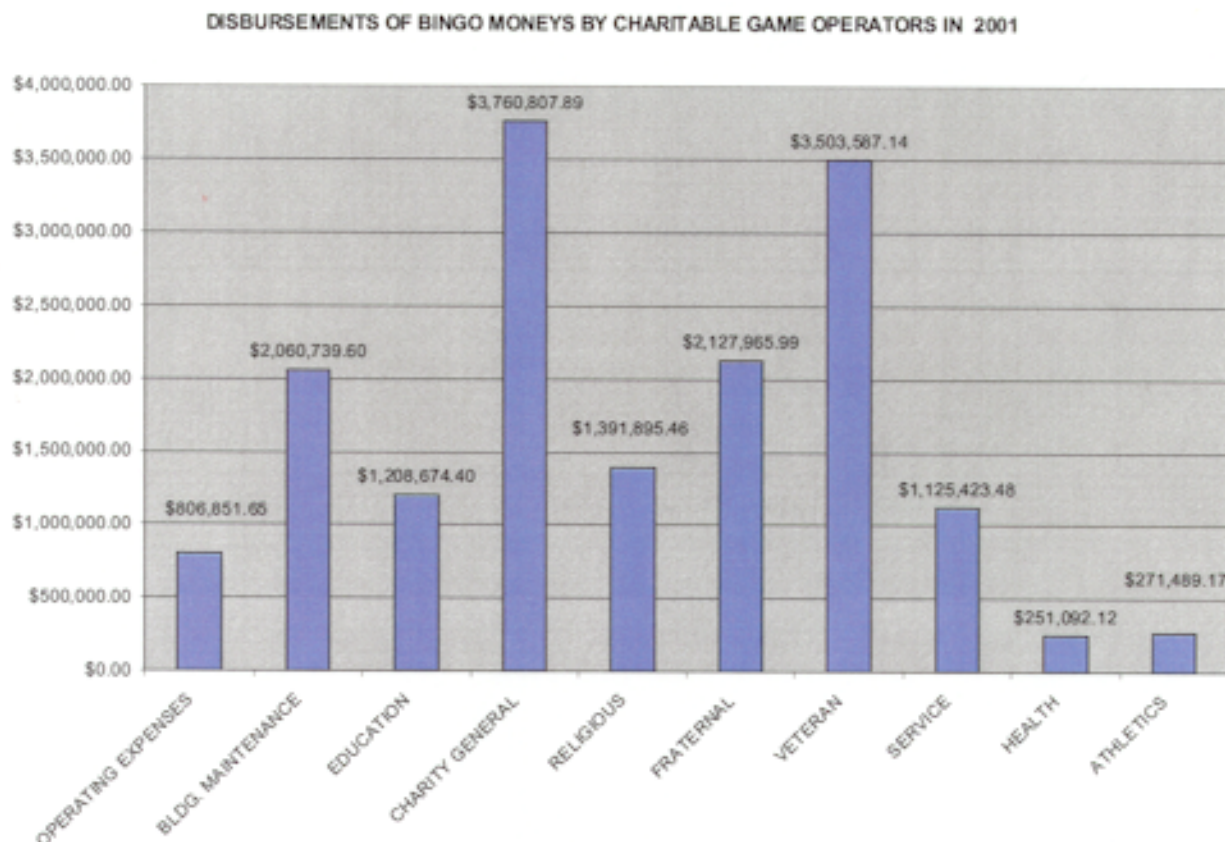
Thirty-seven individuals volunteered to be on the rotating list of contacts to meet with Commission staff to discuss future bingo issues, when necessary. These names will be kept on file for future reference. **THANKS!**

ANALYSIS OF THE AFFECT CASINOS HAVE ON BINGO

An in-depth analysis of player participation and average gross receipts of twenty-four bingo licensees in Boone, Howard, Cooper, Pettis, Saline, and Moniteau counties was conducted to determine the effect of casinos on the bingo halls. This study compared the average number of players and the average gross receipts per occasion, as reported on the quarterly reports, for similar periods in 2001 and 2002. The purpose was to determine if the opening of the Isle of Capri Casino in Boonville had an impact on surrounding bingo halls. The data collected shows an average 12.5% decrease in attendance and an average decline of 13.7% in gross receipts from 2001 to 2002. Then the performance of bingo licensees in an area exclusive of a boat was questioned. The analysis was then conducted on twenty-six bingo licensees in Greene, Christian, and Webster counties. Bingo licensees in this area experience an average 2.8% gain in attendance and an average 8.1% gain in gross receipts. Other factors may have played a part in the gains and losses so an absolute conclusion that casinos do or do not hurt bingo operators in the area cannot be drawn.

CHARITABLE EXPENDITURES CALENDAR YEAR 2001

The Gaming Commission has conducted a study of net bingo proceed expenditures for calendar year 2001. The following chart represents the findings of that study:



Bingo organizations provided a total of approximately \$16,500,000 to worthy causes in 2001.

Raffles

The Missouri Constitution permits raffles or sweepstakes (herein referred to as raffles) by religious and charitable organizations, pursuant to federal law. However, no particular section of federal law was cited, so there is no clear statement as to exactly which organizations truly qualify to conduct raffles. Because fraternal, veteran, and service organizations were not addressed in the Constitution, the Commission has no basis to determine whether these organizations can or cannot conduct a legal raffle.

The Constitution also failed to define what is and what is not a raffle. The Constitution indicates the legislature *may* enact statutes governing raffles, implying that the authors of the Constitutional amendment recognized more specific guidelines would be needed. To date, the legislature has not enacted any statutes that permit, define, or regulate raffles. The legislature has not amended or rescinded Chapter 572, RSMo, that prohibits illegal forms of gambling, so any "improper" raffle would constitute illegal gambling. The Attorney General has issued no opinions, and no courts have ruled regarding raffles in Missouri. As you can see, there are more questions than answers when it comes to raffles.

The Missouri Gaming Commission has not been assigned jurisdiction of raffles. However, we do regulate **bingo**, and because we regulate bingo, we have developed the following guidelines concerning the conduct of bingo events and bingo licensees as they relate to raffles:

Raffle – A raffle in conjunction with a bingo event is defined as a lottery in which each participant 1) **buys a ticket** 2) for an **item of value** that has been put up as prize, and 3) the **winner is determined by a random drawing**.

Sweepstakes – A sweepstakes in conjunction with a bingo event is basically the same:

1) **contests** which award 2) prizes (**something of value**), 3) based on the **random selection** of entries.

Do not be misled by persons offering games or products they call a raffle or sweepstakes.

Due to the uncertain legal status of raffles and sweepstakes, it is the Commission's position that **at no time can bingo be an element of a raffle, nor can a raffle be an element of bingo**. Bingo equipment, pull-tabs, paper, daubers, or tallies may not be used in **any manner** in conjunction with a raffle – not to select a winner or as a prize. Raffle tickets may not be sold as a contingency of playing bingo or visa versa. Any raffle and the bingo game itself must be **two completely separate games**, and at no time may the funds from bingo be co-mingled with the funds from a raffle. This separation applies to the conduct of the games (purchases, playing of the game, determining winners, prizes awarded, etc.), but does **not** prohibit offering a raffle in a bingo hall during a bingo session.)

Raffles conducted at a bingo occasion, which are not within these guidelines, will be considered illegal gambling in violation of bingo and gambling statutes, and the organization may be disciplined accordingly.

SUMMARY: *The Constitutional provisions are vague and no authority has clarified what is allowed and what is prohibited. Any raffle or sweepstakes conducted by a bingo licensee must be conducted separately from any bingo or pull-tab game and meet the three criteria listed in the definitions above (as any deviation from that definition would be considered illegal gambling).*

If you have questions, please call the Charitable Games Division toll-free at 1-866-801-8643.

Criminal Activities

The Gaming Commission is pleased to announce that compliance with the statutes and regulations concerning criminal activity has improved. The number of complaints received concerning illegal gambling activity is down from previous years. The Administrative Hearing Commission (AHC) has consistently ruled in favor of the Gaming Commission to assess discipline against organizations found with illegal gambling devices. Our enforcement officers can conduct premises inspections **at any reasonable time**, not just during a regularly scheduled bingo session. The mere possession of these devices is grounds for revocation of an organization's bingo license.

BINGO PROCEEDS

The Charitable Games staff continually receives questions concerning the **legal use of bingo proceeds**. In reviewing all statutes and regulations concerning this matter, **new guidelines** have been developed. In prior years, organizations were allowed to use bingo proceeds to send members to state and local conventions. This practice will no longer be allowed, effective **January 1, 2003**. In reviewing the definitions of charitable, religious, fraternal, veteran, and service organizations, it clearly states, "no part of the net earnings of the organization may inure to the benefit of any private shareholder or individual member of the organization." **If your organization sends members to conventions, funds must come from a source other than bingo to cover the cost.** If the purpose of your organization is to compensate the members either directly or indirectly with bingo proceeds, there is a good chance that you do not qualify to hold the bingo license.

Please contact our office if you have any questions concerning the legal use of bingo proceeds.



MAILING ADDRESS MAILING ADDRESS

Does your organization have problems getting the bingo mail to the correct individual? If you would like bingo related mail such as renewal applications, newsletters, requests for information, etc. to be sent to an individual member of your organization, just inform us of the address. Any information sent out by the Commission will be mailed in care of the individual at the address specified by the organization. Keep in mind, if the person responsible for the paperwork changes, it is your responsibility to inform us so the address can be changed.



MEETING WITH ASSOCIATION OF CHARITABLE GAMES

Recently, the Charitable Games Staff met with representatives of the Association of Charitable Games. Several bingo issues were discussed. The questions presented and the Commission's response is included below: **THESE ITEMS WERE ONLY DISCUSSED. THERE HAVE BEEN NO CHANGES TO ANY OF THESE STATUTES OR REGULATIONS!**

- Q. Would the Commission support a Constitutional amendment to drop the two-year membership requirement?
- R. The Commission would **not oppose** a Constitutional change to eliminate the two-year requirement so long as the worker is a member of the organization and is initially checked for a felony record.

- Q. Would the Commission support allowing a member of one organization to assist with the bingo game of another organization, if the membership is one in which all members of each individual organization are also considered members of a state or national group?
- R. The Commission would be **opposed** to this type of change. Each organization should remain responsible for providing volunteer members to conduct the bingo occasion. It is our position that since each license is specific to a particular organization and the license cannot be shared or transferred, the membership must remain specific to the licensee. If an individual joins more than one post or club, that person could assist with the bingo game of each organization.

- Q. Would the Commission support a change to the Missouri Constitution, which would allow certain bingo workers to receive compensation? Suggestions included paying callers and requiring them to be licensed, trained and bonded, or classifying the caller as a non-bingo worker similar to a bookkeeper.
- R. The Commission would **oppose** this type of Constitutional change. This type of change would cause many regulatory concerns, and other actions can be taken to ease the problems of too few workers.

- Q. Would the Commission support a revision to Section 313.040 (16) to allow coin operated vending machines to be used to sell pull-tabs in conjunction with the bingo occasion?
- R. The Commission is in favor of revising the statute to allow these machines subject to **Missouri Gaming Commission approval of the specifications for the machine, regulations governing the actual use of the machine, and that no tying agreements exist** for the purchase of pull-tabs from the supplier of the machine.

- Q. Would the Commission support a legislative change to Section 313.040(7) to allow organizations to conduct bingo more than once per week?
- R. The Commission would **oppose** this type of legislative change. Allowing more bingo occasions per organization each week would appear to benefit only the mid-size to larger organizations at the expense of smaller ones. We would also question if this would be practical considering the problem facing organizations with acquiring enough volunteers for one occasion per week.

- Q. Would the Commission allow any new types of games such as a 'horse race' game to create excitement and draw customers?
- R. We are unable to respond to this question without further explanation of how the game is actually conducted. The Commission would be happy to review any new type of game the organization would like to offer. If the game meets statutory and regulatory requirements and in no way violates Chapter 572 gambling statutes, approval could be granted on a case-by-case basis.

- Q. Would the Commission support a change to Section 313.040 (14) to extend the hours during which bingo can be played or eliminate the restriction on the time of day bingo can be played altogether?

- R. The Commission would **oppose** eliminating the restriction altogether; however, we would **not oppose** a revision of the statute to permit bingo sessions to start as early as 8:00 a.m., and allow "midnight" bingo on a very limited case-by-case basis for special occasions and holidays.
- Q. Is it legal for a bingo organization to have the lottery offered Keno game in the area where bingo is being conducted?
- R. The Commission cannot prohibit legal forms of gambling to be conducted in the area where bingo is being conducted.
- Q. Would the Commission consider adjusting the formula used to approve or disapprove rent increase requests?
- R. There is no set formula used in determining the fair market value rate when rent increases are requested. In situations where the rental rate is already fairly high or when a substantial increase is being requested, justification for the increase is required from the hall provider. The request is approved or denied based upon the information submitted on a case-by-case basis.

PRIZE PAID BY CHECK

Does your organization pay any bingo or pull-tab winners with a check from the bingo checking account? If you do, are you reporting it correctly on your quarterly report? When a prize is paid with a check, you must include the amount in the prizes awarded column of the quarterly report, (ie: column 7 for pull-tab prize, column 8 for bingo prize). The amount of your **deposit** should be **greater** than your **net receipts**, by the amount of the prize paid by check.

Electronic Bingo Card Monitoring Devices

Regulation 11 CSR 45-30.600 allows for the use of the Electronic Bingo Card Monitoring Devices without paper if certain criteria are met. The Missouri Gaming Commission will require that a dedicated phone line be installed at each location where these devices are used without paper. The Missouri Gaming Commission will use this phone line to ensure that the approved software is being used and that the proper amount of tax is being collected and reported by your supplier. Your organization must also sign a lease with your supplier for the rental of the equipment. After your supplier has sent the required documentation to the Missouri Gaming Commission, we will verify the software and approve the use of the electronic devices. If you wish to use these devices, please work with your supplier to ensure the required criteria are met.

REGULATION UPDATE

1. Regulation 11 CSR 45-30.355 – Please find attached page 13/14 of the bingo regulations. Remove page 13/14 from your current regulation book and insert the attached page. The only change contained on page 13 is the current version of regulation 11 CSR 45-30.355.

HAVE A VERY MERRY CHRISTMAS

&

A HAPPY NEW YEAR!!!